

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/13)
BUTTER: Grade AA closed at \$1.4125. The weekly average for Grade AA is \$1.3817 (+.0017).

CHEESE: Barrels closed at \$1.4400 and blocks at \$1.4750. The weekly average for barrels is \$1.3890 (+.0140) and blocks, \$1.4440 (-.0070).

BUTTER: Butter markets have been weak, but at midweek, price strength returned to the market. The midweek cash trading session increase of over 1 cent was the first such increase since mid March. The upturn caught some producers and handlers off guard, especially when cream supplies remain so plentiful. Butter producers and handlers state that cream offerings to them are much heavier than usual for this time of the season and appear that they will remain so for the near future. Churning activity continues to surpass the slow to fair demand. CME stocks indicate that butter inventories have now surpassed last year's level. This is the first time since the fall of 2003 that stocks have been above previous year levels. Suppliers feel that with butter demand fair at best and growing inventories at the supplier level, many buyers are more comfortable placing smaller or less frequent larger orders. As long as cream supplies remain as heavy as they are and churning activity is surpassing demand at the level it is, handlers and traders feel that butter should be in better supply/demand balance than it has been in a number of years.

CHEESE: The cheese market is unsettled. Interest is generally moderate for most natural American varieties with supplies close to in balance. Mozzarella sales have occasionally improved but still struggle to clear offerings, some even at reduced production levels. Process interest has finally started to improve seasonally, aided by orders from summer travel destinations as Memorial Day weekend nears. Milk and cheese production continue at well above year ago levels. Finding available plant manufacturing capacity to handle all the milk expected to be available over the next month or so may be a bigger issue. The Kansas City Commodity Office (KCCO) announced Invitation 151 to Announcement PCD4 seeking 79,200 pounds to 594,000 pounds of Kosher process American cheese. Offers are due May 16.

FLUID MILK: Milk production is increasing in the Northwestern, Central and Northeastern regions of the country. Seasonal declines are noted in the Gulf Coast States and Southern California as hot weather begins to take its toll on cows. Class I sales are slightly improved in the East but lighter elsewhere as bottlers slowly prepare for seasonal decreases in demand as school's recess for the summer. Condensed skim sales are good into Class II products with NDM drying facilities eager to divert condensed skim to any other outlet in order to reduce scheduling time. Cream supplies are burdensome and demand is lackluster. The cream market continues to await increased ice cream production to alleviate excessive supplies.

DRY PRODUCTS: Dairy product prices are generally trending higher with the exception of buttermilk, despite seasonal increases in the milk supply. NDM production schedules are heavy. Increased delivery on delayed contractual loads and continued export trade are deterring the accumulation of heavy stocks. Buttermilk supplies are increasing in response to heavy churn activity. As a result, prices in the West are lower yet unchanged elsewhere. Whey prices are higher due in part to good export demand.

Increased purchases of high protein products by feed facilities are encouraging feed buyer interest in whey and lactose to dilute protein concentrations in feed formulas. As a result, lactose prices are trending higher with export inquiries noted from Mexico, South America and Asia. WPC prices are hitting record highs at levels nearly competitive with NDM markets. Supplies are short of buyer interest in both direct manufacture and resale markets.

CCC: During the week of May 9 - 13, there was no price support activity.

MILK PRODUCTION, DISPOSITION & INCOME (NASS): Milk production increased 0.2% in 2004 to 170.8 billion pounds. The rate per cow, at 18,957 pounds, was 197 pounds above 2003. The annual average number of milk cows on farms, at 9.01 million head, was 73,000 head less than 2003. Cash receipts from marketings of milk during 2004, totaled \$27.4 billion, 29% above 2003. Producer returns averaged \$16.13 per hundredweight, 29% above 2003. Marketings totaled 170 billion pounds, 0.2% above 2003. Marketings include whole milk sold to plants and dealers as well as milk sold directly to consumers. An estimated 1.11 billion pounds of milk were used on farms where produced, 1.3% less than 2003. Calves were fed 87% of this milk, with the remainder consumed in producer households.

MARCH DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 119.8 million pounds in March, 19.3% above March 2004 and 5.5% above February 2005. American type cheese production totaled 328.6 million pounds, 1.4% above March 2004 and 12.1% above February 2005. Total cheese output (excluding cottage cheese) was 796.5 million pounds, 1.4% above March 2004 and 12.6% above February 2005. Nonfat dry milk production, for human food, totaled 108.9 million pounds, 7.7% below March 2004 but 15.5% above February 2005. Dry whey production, for human food, was 83.8 million pounds, 1.4% above March 2004 and 13.1% above February 2005. Ice cream (hard) production totaled 78.6 million gallons, 0.2% above March 2004 and 22.3% above February 2005.

MARCH FLUID MILK SALES (AMS & CFDA): During March, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.4 percent lower than March 2004. After adjusting for calendar composition, sales in March 2005 were 1.7 percent lower than March 2004. On an individual product basis, after adjusting for calendar composition, sales of low fat (1%) milk and fat-free (skim) milk increased from March 2004, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a negative impact on the change in sales from March 2005 compared to March 2004.

FEBRUARY MAILBOX PRICES (DAIRY PROGRAMS): In February 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.24, \$.65 less than the figure for the previous month. The component tests of producer milk in February 2005 were: butterfat, 3.70%; protein, 3.06%; and other solids, 5.70%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$16.87 in Florida to \$13.65 in New Mexico. In February 2004, the Federal milk order all-area average mailbox price was \$13.61, \$1.63 lower.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY MAY 9	TUESDAY MAY 10	WEDNESDAY MAY 11	THURSDAY MAY 12	FRIDAY MAY 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.3600 (-.0050)	\$1.3575 (-.0025)	\$1.3675 (+.0100)	\$1.4200 (+.0525)	\$1.4400 (+.0200)	(+.0750)	\$1.3890 (+.0140)
40# BLOCKS	\$1.4350 (-.0100)	\$1.4275 (-.0075)	\$1.4325 (+.0050)	\$1.4500 (+.0175)	\$1.4750 (+.0250)	(+.0300)	\$1.4440 (-.0070)
BUTTER GRADE AA	\$1.3600 (N.C.)	----	\$1.3725 (+.0125)	----	\$1.4125 (+.0400)	(+.0525)	\$1.3817 (+.0017)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 9, 2005

CHEESE — SALES: 1 CAR BARRELS @ \$1.3600; 3 CARS 40# BLOCKS: 1 @ \$1.4450, 2 @ \$1.4350; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3550; 3 CARS 40# BLOCKS: 1 @ \$1.4350, 1 @ \$1.4300, 1 @ \$1.4250; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3650

BUTTER — SALES: 23 CARS GRADE AA: 10 @ \$1.3700, 4 @ \$1.3625, 1 @ \$1.3600, 2 @ \$1.3650, 1 @ \$1.3625, 1 @ \$1.3600, 1 @ \$1.3650, 1 @ \$1.3700, 1 @ \$1.3625, 1 @ \$1.3600; BIDS UNFILLED: 7 CARS GRADE AA: 4 @ \$1.3600, 2 @ \$1.3575, 1 @ \$1.3550; OFFERS UNCOVERED: NONE

TUESDAY, MAY 10, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.4250; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3575; 1 CAR 40# BLOCKS @ \$1.4275

WEDNESDAY, MAY 11, 2005

CHEESE — SALES: 4 CARS BARRELS @ \$1.3675; 7 CARS 40# BLOCKS: 4 @ \$1.4275, 3 @ \$1.4325; BIDS UNFILLED: 5 CARS 40# BLOCKS: 1 @ \$1.4300, 1 @ \$1.4275, 2 @ \$1.4250, 1 @ \$1.4200; OFFERS UNCOVERED: NONE

BUTTER — SALES: 22 CARS GRADE AA: 1 @ \$1.3650, 4 @ \$1.3700, 2 @ \$1.3675, 1 @ \$1.3700, 1 @ \$1.3675, 1 @ \$1.3650, 1 @ \$1.3625, 3 @ \$1.3650, 1 @ \$1.3700, 1 @ \$1.3725, 1 @ \$1.3750, 4 @ \$1.3700, 1 @ \$1.3725; BIDS UNFILLED: 10 CARS GRADE AA: 2 @ \$1.3700, 1 @ \$1.3675, 2 @ \$1.3650, 2 @ \$1.3625, 2 @ \$1.3600, 1 @ \$1.3550; OFFERS UNCOVERED: NONE

THURSDAY, MAY 12, 2005

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.3800, 1 @ \$1.4000; 3 CARS 40# BLOCKS: 1 @ \$1.4400, 1 @ \$1.4450, 1 @ \$1.4500; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.4200, 1 @ \$1.4125; 5 CARS 40# BLOCKS: 1 @ \$1.4500, 2 @ \$1.4300, 1 @ \$1.4250, 1 @ \$1.4225; OFFERS UNCOVERED: NONE

FRIDAY, MAY 13, 2005

CHEESE — SALES: 4 CARS BARRELS: 1 @ \$1.4225, 2 @ \$1.4250, 1 @ \$1.4275; BIDS UNFILLED: 4 CARS BARRELS: 1 @ \$1.4400, 1 @ \$1.4275, 2 @ \$1.4225; 10 CARS 40# BLOCKS: 2 @ \$1.4750, 1 @ \$1.4725, 1 @ \$1.4625, 2 @ \$1.4600, 2 @ \$1.4575, 1 @ \$1.4550, 1 @ \$1.4525; OFFERS UNCOVERED: NONE

BUTTER — SALES: 17 CARS GRADE AA: 1 @ \$1.4000, 1 @ \$1.4050, 3 @ \$1.4125, 1 @ \$1.4100, 1 @ \$1.4125, 1 @ \$1.4150, 4 @ \$1.4175, 1 @ \$1.4200, 1 @ \$1.4150, 1 @ \$1.4175, 1 @ \$1.4200, 1 @ \$1.4125; BIDS UNFILLED: 23 CARS GRADE AA: 1 @ \$1.4125, 3 @ \$1.4100, 2 @ \$1.4075, 2 @ \$1.4050, 2 @ \$1.4000, 1 @ \$1.3975, 2 @ \$1.3950, 2 @ \$1.3925, 2 @ \$1.3825, 3 @ \$1.3750, 3 @ \$1.3725; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS

MARCH BUTTER PRODUCTION

During March 2005, butter production in the United States totaled 119.8 million pounds, 19.3% more than March 2004 and 5.5% more than February 2005. The following are March to March changes for various states: CA +20.0%, NY -12.5%, PA +2.4% and WI +44.4%.

NORTHEAST

The CME cash price for butter continues to slide, despite holding at \$1.36 during Monday's (5/9) trading session. A year ago the price of butter at the CME was \$2.17. Churning activity remains heavy as most Eastern churns are operating at or near capacity. Reports from industry contacts state that the larger operations are "jam packed" with cream and many loads of excess cream continue to be shipped to the Midwest. Most of these loads are being sold at steady to lower multiples based on the date-of-shipment as buyers feel prices will continue to fall. Butter inventories are growing rapidly and more than ample to cover the slow to fair demand. Retail sales are seldom better than fair and food service order are slower following the Mother's Day weekend. Eastern shore restaurants are preparing for Memorial Day weekend and the unofficial start of the summer/tourist season. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The butter market tone remains weak although the cash price increased 1 1/4 cents at midweek to \$1.3725. This was the first 1+ cent increase in the cash market since mid March. This firmness caught some traders and handlers off guard, especially when cream supplies remain so plentiful. Central butter producers continue to state that cream offerings remain heavy for this time of the season from both local and out of area sources. Churning schedules are seasonally very strong and are surpassing current demand thus surplus is clearing to inventory. Recent CME inventory figures indicate that current year holdings have just surpassed last year levels. Butter demand is rated as just fair. Producers and handlers state that sales are occurring, although buyers remain hesitant to place large orders in a weak market. Producers and handlers state that even with the up tick in the cash price at midweek, this

probably will not impact future orders too much, unless strength continues to occur. Some food service orders have improved as restaurants, especially in resort and vacation areas, prepare for the unofficial opening of the summer vacation season in a few weeks. Bulk butter for spot sale is being reported in the 1 - 3 cents per pound over various pricing basis.

WEST

Butter prices recovered slightly this week at the cash CME market after losing ground last week. Prices are as low as they have been since late 2003. Contacts are wondering just how low prices might go. The CWT program has set a price floor for butter of \$1.30. At near this level they would plan to help export butter. Butter demand is fair to slow. Only limited feature activity is noted, but the features in place are successful because of the lower base price for butter now. Butter stocks are growing in the Western region. Sellers are anxious to move additional supplies with only limited success noted. Production remains heavy as cream offerings to the churns are burdensome. Cheese plants are not currently using as much NDM or condensed to standardize their vats so more cream is coming out of the cheese production side. Cumulative ice cream output for the first three months of the year is slightly trailing 2004 (unadjusted) and last year was not a very good year for ice cream either. March U.S. butter production totals 119.8 million pounds, up 19.3% from last year (+19.4 million pounds). Cumulative output for the first three months of the year totals 361.9 million pounds, up 7.0% (unadjusted) from last year. Western butter production for March is up 23.5% (+9.8 million pounds) from 2004. The West produces 43% of the total butter for the U.S. The U.S. production change from February is +5.5% or up 6.3 million pounds. For the last five years, output has declined by an average of 2.8 million pounds for the comparison. CME weekly butter stocks grew by 5.8 million pounds last week to stand at 94.0 million pounds. This level is above last year. This is the first time since the fall of 2003 that stocks have been above previous year levels. The peak stock year for this report was 2003. Bulk butter prices range from flat to 4 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
MAY 7	1.4894	1.4348	0.9292	1.3964	0.2599
	8,318,868	11,034,313	18,836,886	3,626,621	13,395,223

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are unchanged to fractionally lower. The market tone is steady at generally weak levels. Surplus milk volumes have reached burdensome proportions in the Northeast. Manufacturing plants are being pressed to handle all the milk. Some cheese makers are taking advantage of this extra, often discounted, milk while others are limiting cheese output due to sagging orders. Demand for cheese is easing seasonally, particularly mozzarella. Also, the declining prices at the CME have many buyers ordering only week-to-week volumes while they wait to see where prices will settle out. Retail sales are just fair and food service orders have eased following Mother's Day. However, it is time that restaurateurs along the Eastern Shore start preparing for the Memorial Day weekend and the typical summer pattern that follows.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5150-2.0300
Cheddar Single Daisies	:	1.4725-1.9475
Cheddar 40# Block	:	1.5900-1.8475
Process 5# Loaf	:	1.5850-1.7925
Process 5# Sliced	:	1.6050-1.8200
Muenster	:	1.6875-1.8900
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled to weak. The general trade consensus is that milk and cheese supplies will likely be heavy for at least a month. Producers continue to minimize production of certain varieties that are slow sellers, such as mozzarella, in favor of other varieties that are still clearing reasonably well such as natural cheddar and/or other natural American varieties. Barrel offerings remain heavy for the fair, though improving demand. Process movement seems to be picking up as Memorial Day weekend and the summer travel season nears. Natural American and current cheddar offerings seem close to in balance with demand. For many packagers, sliced and shred movement seems better than natural chunks. Mozzarella interest has improved to slow, occasionally fair. Selling extra milk to help balance cheese supplies with demand is not as easy as a few months ago. Cheese yields are declining seasonally. Increased milk intakes are more than offsetting yield declines. More plants are concerned with having sufficient capacity to handle their annual spring peak patron/member milk receipts.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5750-1.9800
Brick And/Or Muenster 5#	:	1.9900-2.0000
Cheddar 40# Block	:	1.8000-2.2650
Monterey Jack 10#	:	2.0400-2.2650
Blue 5#	:	2.2950-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7400-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.8500

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
05/09/05	49,343	:	143,992
05/01/05	47,794	:	141,813
CHANGE	1,549	:	2,179
% CHANGE	3	:	2

WEST

Block cheese prices at the CME were mixed this week. They have not been this low since mid-February when they sat at \$1.42 for a number of sessions. Current blocks are becoming more available from some suppliers, but not all of them. Buyers are not anxious to acquire additional product at this time. Barrels and processing solids are in worse shape. Offers here are not generating much interest. Lower prices are not helping. Mozzarella sales are slow seasonally and getting worse. Swiss sales are fair at best, often slow. Milk supplies are increasing seasonally and discounts are noted for some of it to find a home. March American cheese production for the U.S. totals 328.6 million pounds, up 1.4% from last year. Total cheese production for March reached 796.5 million pounds, up 1.4% from March 2004. Cumulative output for the first three months of the year is 2.26 billion pounds, up 1.3% or 29.4 million pounds (unadjusted) from the same period in 2004. Total cheese production in March for the Western region is 329.5 million pounds, up 5.5% from a year earlier. The West produced 41% of total U.S. cheese in March. Swiss cheese output in March was 24.0 million pounds, down 1.7% from a year earlier.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5275-1.7850
Cheddar 40# Block	:	1.5700-1.9225
Cheddar 10# Cuts	:	1.7500-1.9700
Monterey Jack 10#	:	1.7600-1.9200
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices and the market tone are unchanged. Demand for foreign type cheese is steady to slower and typical for this time of year. Stocks of most types of cheese are adequate for the current, fair demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	:	TFEWR
Blue	:	2.6400-4.6900
Gorgonzola	:	3.6900-5.9400
Parmesan (Italy)	:	TFEWR
Romano (Italy)	:	2.1000-3.1500
Provolone (Italy)	:	3.4400-6.0900
Romano (Cows Milk)	:	-0-
Sardo Romano (Argentina)	:	2.8500-3.2900
Reggianito (Argentina)	:	2.6900-3.2900
Jarlsberg-(Brand)	:	3.1200-4.1500
Swiss Cuts Switzerland	:	-0-
Swiss Cuts Finnish	:	2.5900-2.8500
Swiss Cuts Austrian	:	TFEWR
Edam	:	-0-
2 Pound	:	TFEWR
4 Pound	:	2.1900-3.5600
Gouda, Large	:	TFEWR
Gouda, Baby (\$/Dozen)	:	-0-
10 Ounce	:	27.8000-31.7000

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	180	0	230	0	198
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is starting to decline from the peak in the Gulf Coast States now that temperatures are increasing to more summer-like levels. Contacts state that the heat and humidity in Florida have caused as much as a 2% decline in the milk flow since last week. That decrease and slightly improved Class I sales are reflected in the number of surplus milk loads shipped out of state this week. Reports of production declines in Louisiana are also noted and farm pick up routes are being consolidated. Farther north, milk output is holding at or near the peak in the Mid-South and Middle Atlantic areas and increasing in the Northeast. Some warmer weather in New York and New England has helped milk production gains. We appear to be having a real flush this year. For the past few years, milk supplies have been handled relatively easily during this time of year. One contact noted that there is a lot of milk "sitting on wheels" in the Northeast, but also pointed out that New York alone has four fewer processing plants than it did last spring. So, is it a real flush or nearly the same volumes of milk squeezed into fewer plants? Component tests on incoming milk are falling where milk production is increasing, which is a typical phenomenon at this time of year. Fluid milk supplies are excessive, but usually handled locally. All balancing plants are operating and some break downs were reported which delayed truck unloading and processing. Class I milk sales are holding fairly steady, but milk suppliers and bottlers in the Southeast are preparing for schools to close later this month. Some schools are closing as early as next week, which will likely force more milk into manufacturing channels. The condensed skim market is improving at some locales; steady at others. Supplies are more than ample and some loads have been discounted to stimulate interest. Dryers appear eager to clear as much condensed skim as they can to take the pressure off their dryers. The fluid cream market is unchanged. As one contact put it, "it's like the movie *Groundhog Day*, you wake up and that day its the same thing all over again." Cream supplies are burdensome, demand is lackluster and shipments of excess cream to local and Midwestern butter makers are heavy. Class II cream demand is slower than expected and prices are lower. The CME cash butter average for last week fell 2.83 cents and multiples are unchanged. Ice cream production continues surprise some in the industry. Most of the ice cream production gains have been noted in the lowfat, low carb, and other "non-premium" styles. Soft serve mix sales are up slightly as the Northeast experienced summer-like weather over the Mother's Day weekend. Eastern butter makers' plants are full or as full as they as they want to be.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6560-1.7940
DELIVERED EQUIVALENT ATLANTA	-	1.6698-1.8216 M 1.7112-1.7526
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6146-1.7388

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9600-1.0200
NORTHEAST- CLASS III - SPOT PRICES	-	1.1400-1.1700

M I D W E S T

Class I interest is steady to generally lighter except where featured. Some heavier schedules were used to produce dips and/or "party dairy products" for graduation and upcoming holiday weekend events. Manufacturing milk interest remains weak with more buyers expecting purchases to occur below class than above. Fluid offerings easily exceed the demand. Plant managers are wary of making purchases without an outlet for the cheese. Recent cheese price stability near the low end of the recent price cycle has stimulated a rebound in orders from some customers. Reported spot manufacturing milk prices range from about \$1.50 under class to about \$1.00 over class with more price reports on the negative side than the positive side. Milk handlers expect milk interest is likely to remain weak until after the annual peak is through and plant intakes decline. Cream supplies remain long and both the Chicago Mercantile Exchange butter market and multiples remain well below a year ago. Many in the industry are wondering what it will take to get ice cream operations up to full speed with concern that too many operators

remember last year and not a more normal one. Milk volumes are increasing seasonally and already some plants are pushing their normal capacity. Milk fat and protein levels are low seasonally perhaps as a carryover from 2004 wet spring and early summer, and now, fresh pasture. Some sellers are already trying to secure manufacturing space for the approaching Memorial Day weekend when space is generally expected to be at a bigger premium than in recent years. Bouts of below freezing temperatures have corn producers even in parts of Illinois and Indiana surveying early-planted fields for replanting. A lot of alfalfa winterkill occurred and alternative forage crop options are being offered by extension and other experts. Fields of early seeded small grains and seeding are finally emerging and growing. Cool weather has also slowed alfalfa and pasture growth.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 57.00- 63.00	\$ 50.00- 58.00
REPLACEMENT HEIFER CALVES	\$430.00-750.00	\$320.00-600.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 54.50- 69.00	\$ 50.00- 59.75

W E S T

The June 2005 Class 1 prices in CALIFORNIA range from \$14.75 in the north to \$15.03 in the south. The statewide average Class 1 price based on production is \$14.81. The average is \$1.60 lower than May 2005 and \$7.26 less than June 2004. CALIFORNIA milk production is holding steady to slightly lower in the southern areas and the Central Valley. Biting flies are beginning to hatch in the South which can signal problems for milk cow comfort. Milk output levels are typically above last year. Some locations may have seen the seasonal peak. Milk plants are running well and the milk is being processed orderly. Protein and fat levels are declining. There are rains impacting cropping growth and hay drying and harvesting. There is some good hay being put up and also some poorer hay harvested with the weather the major factor. Further north, the milk flow is moving seasonally higher. Statewide, fluid milk sales are often slower than projected. ARIZONA milk production is steady at levels several percent below the seasonal peak, but often 4 to 5% above last year. Temperatures are beginning to approach 100 degrees during the day, but are cooling into the 60's at night. Cow comfort issues are not problems now. Plants are running well and have capacity to help out others. The CREAM market remains weak. Deliveries to the Midwest continue under contract with additional spot loads available. Buyers are not excited about taking extra cream and the freight rates are making shipping all the more expensive. Cream usage in ice cream production remains lighter than expected. One reason is that lower fat/reduced fat ice cream production has increased. Some new churning processes are using less fat, but claim that taste and mouth feel are the same as full fat ice cream. Surplus cream is ending up at local butter churns. The butter price at the CME is trending lower and closed on Wednesday at \$1.3725, one cent lower than last week. Cream multiples remain at weak levels of 105 to 123 FOB, and vary depending on basing points and class usage. Contacts continue to comment on the amount of rain in the past few weeks in the PACIFIC NORTHWEST. The weather is affecting green chopping and grass hay harvesting. Some has been cut for a period of time and it has been too wet to put it up. Other growers were waiting for dryer conditions before cutting and that crop is getting too old to be prime feed. The cool temperatures are delaying the hay harvest also. Some new crop hay was expected by now, but it is not available yet. Some dairy producers are noting that they are close to running out of supplies. More water will now be available for the summer cropping season. Milk output in the region is holding steady to up slightly. When new crop forage supplies are harvested and fed, milk output is expected to respond positively. Heifer prices at a monthly sale in the region indicate continued strength. Prices for top heifers averaged \$2200-2525 with good quality and numbers noted. The top of the range held steady, but the bottom end increased about \$200. Demand was active. Conditions are cold and wet in the dairy areas of UTAH and IDAHO. Snow continues to fall in the ranges just above where dairies are located. Fields are very wet, which is delaying any spring cropping. However, water should be more available for summer crop needs. The hay harvest continues to be delayed because of the cool and wet conditions. Some fear loss of stands due to flooding and some of the crop will likely be past ideal maturity. Hay supplies that are left are very limited. More milk is available to plants due to the spring flush and many are running as full as they want to be. Heifer prices are firm with the average at two sales in the region running between \$2100-2200.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are trending higher on a firm market. Despite increased milk supplies, stocks of NDM remain short of buyer interest. Available supplies of NDM are limited by increased condensed skim movement into ice cream and yogurt facilities which then deters heavier NDM production schedules. In addition, some plants are reserving seasonal excess supplies for potential use later this summer. Some buyers continue to report shipment delays from West coast suppliers. Most spot availability is noted in the resale market where buyers are paying more than \$1 for current production. Traders are speculative as truckers return from warehouses reporting heavy stocks and some multiple load offers are noted from the West.

EAST: Prices are again fractionally higher. The market tone remains firm despite the heavy output. Eastern dryers are operating at capacity levels. Surplus milk volumes are excessive as many contacts feel that we are seeing the first "real flush" in many years. However, there are at least four fewer plants operating in the Northeast than were running last year. The loss of these milk outlets is amplifying milk disposition issues this year. Producer stocks are still relatively light as the heavy output is only allowing some producers to catch up with existing orders/commitments. Domestic and export demand remains good. With all this production, prices are continuing to rise, which is somewhat unusual.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during March 2005 totaled 108.9 million pounds, down 7.7% from March 2004 but 15.5% above February 2005. Month ending stocks, at 85.1 million pounds, are 5.9% above a year ago and 7.8% above last month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9400 - 1.0100 MOSTLY: .9700 - .9800
 HIGHHEAT: .9750 - 1.0950

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices moved slightly higher. The market tone is steady to firm. Production remains seasonally strong to process milk solids. Demand for NDM is good to exports and to contract accounts. Exports of NDM and skim milk powder (SMP) remain good and help to keep production cleared. Domestic contract accounts that have been delayed are being caught up on. Several cheese makers are resuming usage of NDM and condensed skim as cheese prices level off. No producer is concerned over stock levels. U.S. NDM production in March totaled 108.9 million pounds, 7.7% less than last year but 15.5% more than February. March production in the Western region totaled 75.1 million pounds, down 21.6% from last year. California produced 44.0 million pounds, down 30.2% from March 2004. U.S. manufacturers' stocks at the end of March were reported at 85.1 million pounds, 5.9% more than last year and 7.8% higher than last month. [Editor's note: NDM statistics may not include skim milk powder (SMP).]

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9075 - .9900 MOSTLY: .9350 - .9700
 HIGHHEAT: .9500 - .9800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 6	\$.9103	7,599,400	0
April 29	\$.9092	9,914,666	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady market. Despite increased supply availability in the West, some buyers in the Central region are willing to pay the current average for a few loads of dry buttermilk. Production is steady to higher as heavy cream supplies encourage churn activity. Some heavier intakes of condensed buttermilk are noted into ice cream operations which may reduce the amount of buttermilk dried in the upcoming weeks. Production of dry buttermilk during March 2005 totaled 5.7 million pounds, 30.7% more than March 2004 and 6.1% above February 2005. Month ending stocks, at 5.4 million pounds, are 4.3% above a year ago but 21.5% lower than February 2005.

F.O.B. CENTRAL: .9600 - 1.0500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. The Northeast price range remains nominal. Churning activity remains heavy and most Eastern churns continue to run at capacity levels. Drying schedules are light as producers try to sell their buttermilk as a liquid to avoid taking dryer time away from NDM production. Producer stocks are moderate and demand is fair to good. Dry buttermilk production during March 2005 totaled 5.7 million pounds, up 30.7% from last March and 6.1% more than February 2005. Month ending stocks, at 5.4 million pounds, are up 4.3% from last year but 21.5% less than a month ago.

F.O.B. NORTHEAST: .9600 - .9800
 DELVDSOUTHEAST: .9800 - 1.0000

DRY BUTTERMILK - WEST

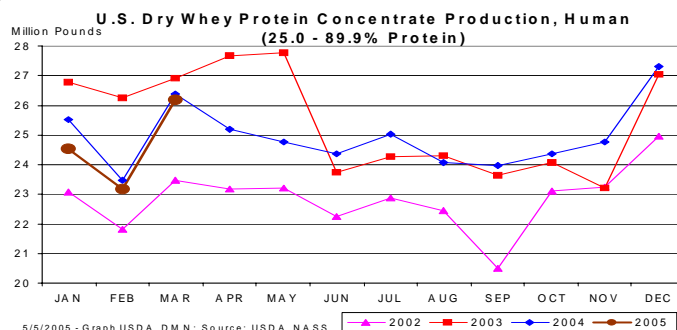
Dry buttermilk prices in the West are declining and the market tone is weaker. Several producers were lowering prices to stimulate interest. Bids below the range were noted. Some exporting is taking place to clear stocks. Drying schedules have been active with churning higher than projections. Inventories are heavier than desired. U.S. dry buttermilk production in March totaled 5.7 million pounds, up 30.7% from last year and 6.1% higher than February. Stocks at the end of March were 5.4 million pounds, 4.3% higher than a year ago but 21.5% less than last month.

F.O.B. WEST: .8800 - .9650 MOSTLY: .8800 - .9250

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower as some producers did adjust to the most recent Class IV milk price announcement. The market tone is unchanged. Prices remain nominal. Production levels are limited by the amount of skim most drying facilities are processing. Plant stocks are light and demand unchanged. Dry whole milk production during March 2005 totaled 2.6 million pounds, down 25.4% from last March and 6.2% less than February 2005.

F.O.B. PRODUCING PLANT: 1.2700 - 1.4000



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are slightly higher on Extra Grade and milk replacer quality whey. Trade activity remains very light. Most producers are not aggressively pursuing higher prices. The current disparity between Central and Western markets is not encouraging Central region whey movement to the West. Production schedules are steady and producer inventories are reported as in balance to tight. Traders suspect that additional supplies are building in the resale market yet resale trades are trending steady to higher. Production of HUMAN FOOD, dry whey during March 2005 totaled 83.8 million pounds, 1.4% more than March 2004 and 13.1% above February 2005. Month ending stocks, at 36.3 million pounds, are 3.4% above a year ago and 2.2% more than February 2005. Production of ANIMAL FEED, dry whey during March 2005 totaled 8.4 million pounds, 18.0% less than March 2004 but 44.5% above February 2005. Month ending stocks, at 4.6 million pounds, are 20.1% lower than a year ago but 21.3% more than February 2005.

F.O.B. CENTRAL: .2500 - .2700 MOSTLY: .2500 - .2550
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2300 - .2425

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. The Northeast price range remains nominal. Contacts continue to report a tighter supply with respect to direct purchases from the producer. Eastern production is mostly steady despite all the milk that is available to area cheese makers. Many, due to lackluster orders, are not taking too much extra milk. Dry whey stocks are closely balanced as many producers have contracts for a good share of their output and inventories are not building to any great degree. Some traders are building a little inventory, but most are not eager to put "twenty-five cent whey" in inventory. Those that are doing so expect to need that powder later in the summer when output is expected to be light. Demand is good and easily clears offerings. Production of human food, dry whey during March totaled 83.8 million pounds, 1.4% more than March 2004 and 13.1% more than February 2005. Month ending stocks, at 36.3 million pounds, are 3.4% above last year and 2.2% more than a month ago. Production of animal feed, dry whey during March totaled 8.4 million pounds, 18.0% less than a year ago but 44.5% above February 2005.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2550 - .2750
DELVD SOUTHEAST: .2750 - .2925

DRY WHEY - WEST

Western whey prices range from steady to fractionally higher. Producers report generally good sales into export and domestic markets. Some price resistance is noted, but there is very little competition from anywhere else in the world at this time. Basically, if importers want whey at this time they have to come to the U.S. Some inventories are showing up at reseller locations. March U.S. human food whey production totals 83.8 million pounds, up 1.4% from last year. Stocks at the end of the month stand at 36.3 million pounds, up 3.4% from a year earlier. Western whey production during March totals 24.2 million pounds, up 8.2% from March 2004. Total dry whey production for the first three months of the year totals 258.2 million pounds, down 2.2% (unadjusted) from last year.

NONHYGROSCOPIC: .2750 - .3000 MOSTLY: .2850 - .2900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies remain short of buyer interest. Some producers are willing to delay loads to contractual users in order to sell a spot load at a significant premium. Plants that are planning on changing production lines from 34% WPC to 80% WPC may further alter the balance between supply and demand. Some traders speculate that increasing the number of 80% WPC producers will affect the marketability of 80% WPC as has occurred in the market for WPC isolates. Buyers willing to purchase 80% WPC instead of 34% WPC would likely be required to purchase whey, which may or may not be available or price attractive this summer, to dilute protein concentrations. Production of HUMAN FOOD WPC (25.0-89.9% PROTEIN) during March 2005 totaled 26.2 million pounds, 0.8% lower than March 2004 but 12.9% above February 2005. Manufacturers' end-of-month stocks totaled 23.6 million pounds, 4.1% lower than a year ago and but 5.4% above last month. Production of ANIMAL FEED WPC (25.0-89.9% PROTEIN) during March 2005 totaled 4.6 million pounds, down 0.6% from March 2004 but 16.5% above February 2005. Manufacturers' end-of-month stocks totaled 2.0 million pounds, 42.4% below last year but 7.0% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .8400 - .9200 MOSTLY: .8400 - .8600

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Spot trade activity is light with most movement noted on a contractual basis. Feed inquiries are noted into some plants as buyers seek adequate substitutes to dry permeate. Export inquiries are noted from Asia, South America and Mexico. Some plants report that they are sold out for the second quarter. Prices are anticipated to increase in the third quarter and with continued spot interest, prices may also trend higher in the near term. Lactose production during March 2005 totaled 55.8 million pounds, down 0.7% from March 2004 but 6.0% higher than February 2005. Month ending stocks, at 64.3 million pounds, are 13.6% higher than a year ago but 2.3% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1700 - .2100 MOSTLY: .1700 - .1900

CASEIN - NATIONAL

Casein markets and prices remain firm. Oceania's milk production season has now basically come to an end, thus casein production has also ceased. Traders and handlers indicate that supplies did not attain desired level, thus they will be filling orders during the upcoming winter season from lighter inventories. European production appears to be positive at this time. Milk volumes are available to casein producers and, in instances, milk is being diverted away from other products and directed towards casein production. Overall supplies of casein remain in a tight position. At the May 12th Dairy Management Committee meeting in Europe, the casein production aid for skim milk powder was reduced to 3/4 of 1 Euro per 100 kg. This has some casein producers questioning if they should even bother with the paperwork to acquire the assistance. On May 5, the CCC announced invitation #044, seeking competitive offers to purchase 4 million pounds of government owned NDM for the production of casein/caseinate. Bids were due on May 10 with public results released May 12. The most recent sale price range was \$0.5080 - \$0.5331 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

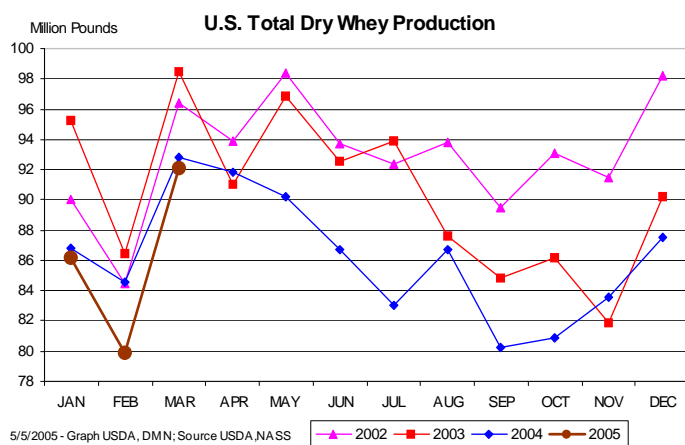
RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production patterns continue to increase, if producers wish so. Surplus milk volumes are excessive and spot prices are often being discounted. Evaporated milk producers can, and are taking advantage of some of these lower prices to rebuild inventories. The market remains highly competitive. Demand for canned evaporated milk is seasonal. Canned evaporated milk production during March totaled 49.1 million pounds, 3.9% more than March 2004 and 31.2% more than February 2005. Month ending stocks, at 43.1 million pounds, are 13.4% below a year ago but 6.8% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.



CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	04/27	04/28	04/29	05/02	05/03	05/04	05/05	05/06	05/09	05/10
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
APR 05	14.62 (3251) 1	14.62 (2666) 3	14.61							
MAY 05	13.51 (3067) 31	13.54 (3054) 152	13.60 (3020) 247	13.61 (3042) 127	13.67 (2976) 160	13.62 (2956) 27	13.62 (2966) 13	13.64 (2957) 2	13.64 (2942) 19	13.63 (2877) 65
JUN 05	13.28 (2926) 142	13.30 (2991) 314	13.40 (2990) 95	13.52 (2968) 64	13.55 (2956) 71	13.48 (2949) 85	13.45 (2944) 138	13.40 (2967) 124	13.31 (3053) 266	13.27 (3165) 218
JUL 05	13.89 (2559) 57	13.85 (2588) 308	13.91 (2588) 24	14.03 (2571) 57	14.05 (2563) 49	13.91 (2554) 47	13.80 (2558) 62	13.86 (2563) 64	13.67 (2600) 155	13.55 (2647) 169
AUG 05	14.28 (2489) 145	14.30 (2465) 150	14.32 (2471) 10	14.40 (2463) 15	14.40 (2486) 47	14.25 (2484) 28	14.06 (2485) 8	14.20 (2488) 28	14.12 (2556) 238	13.90 (2558) 54
SEP 05	14.35 (2336) 74	14.35 (2340) 80	14.38 (2344) 14	14.47 (2345) 14	14.44 (2324) 44	14.43 (2317) 21	14.20 (2332) 23	14.20 (2349) 105	14.10 (2409) 167	14.08 (2459) 85
OCT 05	13.74 (1813) 37	13.78 (1808) 23	13.80 (1808) 4	13.75 (1799) 15	13.75 (1807) 18	13.74 (1806) 13	13.76 (1799) 15	13.75 (1832) 41	13.74 (1864) 144	13.67 (1867) 14
NOV 05	13.43 (1469) 28	13.43 (1471) 18	13.43 (1471) 5	13.43 (1473) 3	13.43 (1477) 10	13.36 (1476) 7	13.36 (1476) 2	13.35 (1518) 51	13.30 (1537) 64	13.29 (1540) 13
DEC 05	13.20 (1330) 20	13.20 (1328) 13	13.20 (1328) 6	13.20 (1326) 3	13.20 (1331) 7	13.16 (1329) 6	13.16 (1329) 1	13.16 (1361) 50	13.16 (1377) 48	13.11 (1379) 35
JAN 06	12.90 (500) 4	12.90 (499) 7	12.90 (499) 5	12.90 (500) 1	12.92 (504) 5	12.90 (512) 10	12.90 (514) 2	12.90 (535) 27	12.90 (535) 35	12.87 (558) 40
FEB 06	12.93 (425) 4	12.93 (428) 8	12.94 (436) 11	12.94 (436) 0	12.94 (440) 4	12.90 (442) 7	12.90 (442) 0	12.90 (443) 16	12.80 (444) 37	12.75 (462) 43
MAR 06	12.86 (407) 6	12.85 (424) 25	12.87 (429) 5	12.87 (429) 0	12.87 (429) 0	12.87 (437) 10	12.87 (437) 0	12.87 (437) 0	12.82 (437) 40	12.73 (453) 43
APR 06	12.80 (339) 3	12.77 (346) 12	12.77 (351) 15	12.80 (351) 0	12.80 (351) 0	12.80 (356) 11	12.80 (356) 0	12.80 (372) 16	12.75 (370) 33	12.70 (387) 35
MAY 06	12.79 (359) 21	12.80 (356) 6	12.78 (356) 5	12.80 (356) 0	12.80 (366) 10	12.80 (381) 21	12.80 (381) 0	12.80 (386) 10	12.75 (393) 24	12.70 (413) 35
JUN 06	12.95 (271) 5	12.97 (271) 3	12.95 (271) 0	12.95 (271) 0	12.95 (275) 4	12.90 (277) 7	12.87 (277) 0	12.87 (328) 51	12.85 (335) 14	12.80 (351) 36
JUL 06	13.10 (201) 0	13.10 (201) 0	13.10 (203) 2	13.10 (203) 3	13.10 (203) 0	13.10 (204) 2	13.10 (206) 2	13.10 (211) 10	13.05 (219) 18	12.77 (226) 21
AUG 06	13.35 (174) 1	13.35 (174) 0	13.35 (175) 1	13.35 (175) 0	13.35 (175) 0	13.34 (175) 0	13.34 (175) 0	13.34 (185) 10	13.29 (193) 14	13.20 (196) 3
SEP 06	13.40 (165) 14	13.49 (165) 0	13.49 (165) 0	13.49 (165) 0	13.49 (165) 0	13.48 (167) 2	13.48 (168) 1	13.40 (173) 9	13.35 (174) 4	13.30 (174) 0
OCT 06	12.92 (151) 1	12.92 (151) 0	12.92 (151) 0	12.92 (153) 2	12.92 (157) 17	12.93 (157) 6	12.93 (157) 0	12.93 (167) 15	12.88 (174) 14	12.84 (192) 34
NOV 06	12.88 (153) 0	12.88 (153) 0	12.88 (153) 0	12.88 (155) 2	12.88 (155) 2	12.88 (156) 1	12.89 (156) 0	12.89 (178) 28	12.84 (185) 8	12.70 (185) 8
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
APR 05	13.00 (8) 0	13.00 (8) 0	12.61							
JUL 05	13.70 (22) 0	13.70 (22) 0	13.50 (22) 0	13.40 (22) 0	13.40 (22) 0	13.30 (22) 0	13.30 (22) 0	12.75 (22) 0	12.75 (22) 0	12.75 (22) 0
AUG 05	13.70 (22) 0	13.70 (22) 0	13.50 (22) 0	13.40 (22) 0	13.40 (22) 0	13.30 (22) 0	13.30 (22) 0	13.30 (22) 0	13.30 (22) 0	13.20 (22) 0
SEP 05	13.70 (22) 0	13.70 (22) 0	13.50 (22) 0	13.40 (22) 0	13.40 (22) 0	13.30 (22) 0	13.30 (22) 0	13.30 (22) 0	13.30 (22) 0	13.20 (22) 0
NOV 05	13.50 (1) 0	13.50 (1) 0	13.50 (1) 0	13.40 (1) 0	13.40 (1) 0	13.40 (1) 0	13.40 (1) 0	13.40 (1) 0	13.40 (1) 0	13.20 (1) 0
CME - BUTTER FUTURES -- Cents per pound										
MAY 05	139.50 (217) 4	141.00 (214) 2	141.00 (215) 1	140.25 (214) 19	139.50 (198) 24	138.00 (176) 34	136.00 (172) 4	137.00 (159) 28	136.50 (84) 11	137.0069) 10
JUL 05	142.50 (392) 18	143.00 (393) 15	143.00 (411) 19	143.00 (414) 39	142.50 (426) 29	141.00 (429) 44	138.75 (420) 29	139.00 (434) 28	139.00 (436) 9	140.00 (451) 29
SEP 05	144.50 (338) 16	145.25 (342) 12	146.00 (351) 22	145.75 (366) 25	145.00 (387) 30	143.50 (400) 36	141.75 (414) 25	141.75 (419) 10	141.75 (424) 7	142.75 (426) 14
OCT 05	146.00 (158) 3	146.50 (158) 8	146.00 (159) 6	146.00 (157) 2	146.00 (165) 18	144.00 (176) 26	142.50 (196) 21	142.50 (200) 4	142.75 (201) 1	143.00 (212) 11
DEC 05	149.00 (36) 0	148.00 (36) 0	148.00 (36) 0	148.00 (36) 2	147.50 (38) 2	146.00 (38) 1	144.00 (40) 3	144.00 (42) 3	144.50 (45) 3	145.00 (45) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 2 - 13, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN EUROPEAN OVERVIEW: European Union milk production is at or very near peak levels throughout the region. Milk producers and handlers state that conditions have been very positive for steady production growth. Milk volumes are heavy, thus most manufacturing facilities are running at or very near capacity levels. International sales activity out of Europe is slow, fair at best. Current transactions are being limited by the volume of export refunds that remain for sales through the end of June. Stocks are available, although buyers are absent from the market. Much uncertainty prevails within current markets for sales after July 1. Traders and handlers are hopeful that the EU Dairy Commission will establish refund levels earlier this year versus the week before as was the situation last year. Buyers are looking for product to be delivered later in the summer, but suppliers are very hesitant to acknowledge and negotiate these inquiries until export refund values are established. At this point in the milk production season, manufacturing schedules are actively generating stocks for future use. Unusual for this time of the production season, milk is being directed toward casein and cheese production when possible. These strong markets are providing an outlet for milk versus generating butter/powder and offering larger volumes of surplus product to intervention. Intervention offerings remain light. Since March 1 and through May 8, 3,295 MT of skim milk powder and 22,245 MT of butter have been offered to intervention.

BUTTER/BUTTEROIL: European butter markets are generally steady with prices unchanged to slightly higher within the reported range. Churning activity is seasonally strong, although some milk is being redirected away from butter/powder. Ireland continues to lead the way for intervention offerings. During the period of March 1 – May 8, 22,245 MT of surplus butter have been offered to intervention. This ten week total compares to 19,951 MT for a comparable period last year. Recent offerings have slowed and producers and handlers feel that the intervention ceiling of 60,000 MT will not be attained during the open season.

82% BUTTERFAT: 1,850 - 2,050
99% BUTTERFAT: 2,400 - 2,600

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm with prices unchanged to slightly higher. Milk production is nearing seasonal peak levels, thus butter/powder production is strong. Some manufacturers, when possible, are diverting milk away from butter/powder production toward casein output. Powder stocks are readily available for current and future deliveries, although future needs are unclear due to the unknown export subsidy level after July 1. Minimal offerings continue to clear to intervention and during the past week, no offerings were reported. During the period of March 1 – May 8, 3,295 MT of powder have been offered, trailing last year comparable totals of 5,871 MT.

1.25% BUTTERFAT: 2,200 - 2,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are firm with prices unchanged to slightly higher. Whole milk powder production is in full swing as seasonal milk volumes are at or very near peak levels throughout Europe. Stocks of powder are available for immediate and future needs. European traders and handlers anticipate a good sales period for European sourced dairy products on once export refund levels are determined for qualifying products for post July 1 deliveries.

26% BUTTERFAT: 2,250 - 2,325

SWEET WHEY POWDER: Whey markets and prices remain firm. Calf feed buyers are very active in the market. Stocks of whey are available although not as plentiful as typically is the situation for this time of the season. Firm whey prices elsewhere in the international market are helping stabilize or maintain current price levels in Europe. European traders and handlers indicate that their prices have often been higher than buyers were willing to pay, but as international prices firm, Europe may be a source for future buyer interest.

NONHYGROSCOPIC: 625 - 800

EASTERN EUROPEAN OVERVIEW: Early season milk production trends remain positive. Up to this point, milk output has been running well ahead of last year and these trends appear to continue, although moisture conditions are lower than desired. Overall, international sales are fair at best, also limited by export refund through the end of June and the uncertainty of post June refunds. Stocks are available for immediate and future needs. Buyers are actively seeking product for later summer delivery, although traders and handlers are reluctant to acknowledge this buyer interest due to the uncertainty of export refunds for that time period.

OCEANIA

OCEANIA OVERVIEW: Seasonal milk production in Oceania is nearing an end for the 2004 – 2005 year. In New Zealand, the milk production year will come to an end at the end of this month. Although still not officially released, milk producers and handlers are projecting yearly output to trail last year by 3 – 4%. Producers and handlers were hoping that the second half of the production season would generate some additional milk to help reduce first half deficits, but conditions did not develop as positively as hoped, although some feel that some recovery did occur. In Australia, the 2004 – 2005 milk production season will continue through the end of June. The most recent production data out of Australia has milk output for the 9 month period of July – April showing that output is still trailing last season by 0.3%. Cumulatively for the year thus far, output in Australia has fluctuated between even to 1.1% behind last year. Producers and handlers are hopeful that the final 3 months of the year will maintain these trends and that they will finish the year within an even to 1% behind last season range. Milk production in Victoria for the period July – April is running 2.0% ahead of last year, while off in Queensland by 9.9% and 5.3% lower in New South Wales. As the milk production season winds down, so are manufacturing schedules. In New Zealand, most plants are already closed for the season. During the down time, plant maintenance will be performed so that plants will be ready to receive milk in the new season starting in August. In Australia, conditions are much the same as plants adjust their production schedules to declining incoming milk volumes. Stocks of manufactured dairy products are in very close balance and remain often short of full needs. Some handlers and traders indicate that they may have to look to outside sources to fully acknowledge all commitments during the upcoming winter months. Most state that they will not have any surplus stock available for spot or additional buyer interest. Early in the week in New Zealand, an unsettling situation developed which could potentially devastate the country's agriculture dependent economy. An extortionist claim to Prime Minister Helen Clark indicated that they have infected a New Zealand island with foot and mouth disease and that they also threatened to release the virus on the mainland later this week. In light of this potential situation, European Union and Japan have already asked that livestock from the island be blocked from their markets.

BUTTER: Butter markets are generally steady with prices unchanged to higher. Higher prices at the upper end of the reported range continue to be reported, although these are not significant in relationship to lower prices within the range. Stocks of butter are in close balance and often short of desired levels for this time of the season. Handlers and traders state that they do not foresee having any additional stocks for spot or additional buyer interest. The milk production season is drawing to a close, thus churning schedules are declining quite rapidly. Future orders will be filled from inventoried stock.

82% BUTTERFAT: 1,900 - 2,350

CHEDDAR CHEESE: Oceania cheese markets remain firm with prices unchanged to slightly higher. Negotiations continue to occur for the next round of sales activity. At the present time, these negotiations are centering around regular and ongoing customer needs. As the milk production season comes to an end, future deliveries will be filled from inventoried stock. Handlers and traders indicate that cheese stocks are in close balance and, in instances, short of desired needs, although most feel that they will be able to acknowledge their commitments.

39% MAXIMUM MOISTURE: 2,650 - 3,000

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are generally steady. Prices are unchanged to slightly lower. The milk production season is nearing its seasonal end, thus butter/powder production schedules are also declining. Stocks of powder are often short of full needs and some traders and handlers are stating that they will probably have to look to outside sources to acquire additional powder to fully acknowledge their commitments.

1.25% BUTTERFAT: 2,100 - 2,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Stocks of powder are in very close balance and in instances, lighter than desired. Traders and handlers indicate that they do not foresee having any additional volumes of powder available for spot or additional buyer interest.

26% BUTTERFAT: 2,150 - 2,300

Exchange rates for selected foreign currencies: May 9, 2005

.8073 Canadian Dollar	.0230 Indian Rupee
.3456 Argentina Peso	.7300 New Zealand Dollar
.0912 Mexican Peso	.7721 Australian Dollar
.3088 Polish Zloty	.0095 Japanese Yen
	1.2843 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0912)= 10.9649 That is 1 US Dollar equals 10.9649 Mexican Pesos. Source: "Wall Street Journal"

Milk Production, Disposition, and Income 2004

Milk production increased 0.2 percent in 2004 to 170.8 billion pounds. The rate per cow, at 18,957 pounds, was 197 pounds above 2003. The annual average number of milk cows on farms, at 9.01 million head, was 73,000 head less than 2003.

Cash receipts from marketings of milk during 2004, totaled \$27.4 billion, 29 percent above 2003. Producer returns averaged \$16.13 per hundredweight, 29 percent above 2003. Marketings totaled 170 billion pounds, 0.2 percent above 2003. Marketings include whole milk sold to plants and dealers as well as milk sold directly to consumers.

An estimated 1.11 billion pounds of milk were used on farms where produced, 1.3 percent less than 2003. Calves were fed 87 percent of this milk, with the remainder consumed in producer households.

Quantity of Milk Used and Marketed by Producers: United States, 2002-2004 ^{1/}

Year	Milk Used Where Produced			Milk Marketed by Producers	
	Fed to Calves ^{2/}	Used for Milk Cream and Butter	Total	Total ^{3/}	Fluid Grade ^{4/}
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Percent
2002	959	160	1,119	168,944	98
2003	964	155	1,119	169,276	98
2004	956	149	1,105	169,699	98

^{1/} May not add due to rounding. ^{2/} Excludes milk sucked by calves. ^{3/} Milk sold to plants and dealers as whole milk and equivalent amounts of milk for cream. Includes milk produced by dealers' own herds and milk sold directly to consumers. Also includes milk produced by institutional herds. ^{4/} Percentage of milk sold that is eligible for fluid use (grade A in most States). Includes fluid-grade milk used in manufacturing dairy products.

Marketings, Income, and Value of Milk Production: United States, 2002-2004

Year	Combined Marketings of Milk and Cream		
	Milk Marketed	Average Returns ^{1/}	Cash Receipts from Marketings
		Per 100 Pounds of Milk	
	Mil. lbs.	Dollars	1,000 Dollars
2002	168,944	12.18	20,582,238
2003	169,276	12.55	21,238,737
2004	169,699	16.13	27,367,858

^{1/} Cash receipts divided by milk marketings.

Source: "Milk Production, Disposition and Income, 2004 Summary" Da 1-2(05), National Agricultural Statistics Service, USDA.

**ANNUAL MILK MARKETINGS BY PRODUCERS AND CASH RECEIPTS FROM MARKETINGS,
BY STATE, 2004**

State	Milk Marketed by Producers		Cash Receipts from Marketings	
	Quantity <u>1/</u>	Fluid Grade <u>2/</u>	Total	Average Return <u>3/</u>
	Mil. lbs.	Percent	1,000 Dollars	\$/cwt.
AL	243	100	43,497	17.90
AK	13.7	100	2,822	20.60
AZ	3,633	100	570,381	15.70
AR	310	100	52,080	16.80
CA	36,429	98	5,365,992	14.73
CO	2,159	100	343,281	15.90
CT	388	100	67,124	17.30
DE	126.4	100	21,488	17.00
FL	2,248	100	431,616	19.20
GA	1,402	100	235,536	16.80
HI	78.5	100	20,175	25.70
ID	9,056	99	1,358,400	15.00
IL	1,967	98	308,819	15.70
IN	2,938	98	490,646	16.70
IA	3,804	98	620,052	16.30
KS	2,205	100	339,570	15.40
KY	1,392	100	236,640	17.00
LA	468	100	77,220	16.50
ME	607	100	109,260	18.00
MD	1,153	100	196,010	17.00
MA	293	100	51,275	17.50
MI	6,260	99	1,020,380	16.30
MN	8,002	97	1,336,334	16.70
MS	377	100	63,336	16.80
MO	1,822	96	298,808	16.40
MT	343	100	53,165	15.50
NE	1,040	99	168,480	16.20
NV	503	100	74,947	14.90
NH	299	100	52,923	17.70
NJ	197	100	32,308	16.40
NM	6,624	100	1,000,224	15.10
NY	11,608	100	1,950,144	16.80
NC	993	100	170,796	17.20
ND	515	77	83,945	16.30
OH	4,530	95	751,980	16.60
OK	1,249	100	218,575	17.50
OR	2,247	100	359,520	16.00
PA	10,051	99	1,768,976	17.60
RI	19.4	100	3,434	17.70
SC	284	100	49,416	17.40
SD	1,336	94	220,440	16.50
TN	1,151	100	193,368	16.80
TX	5,986	100	975,718	16.30
UT	1,595	99	250,415	15.70
VT	2,567	100	433,823	16.90
VA	1,723	100	308,417	17.90
WA	5,390	100	857,010	15.90
WV	191	100	31,515	16.50
WI	21,821	96	3,687,749	16.90
WY	62.2	83	9,828	15.80
US <u>4/</u>	169,699	98	27,367,858	16.13

1/ Milk sold to plants and dealers as whole milk and equivalent amounts of milk for cream. Includes milk produced by dealers' own herds and small amounts sold directly to consumers. Also includes milk produced by institutional herds. 2/ Percentage of milk sold that is eligible for fluid use (grade A in most States). Includes fluid-grade milk used in manufacturing dairy products.

3/ Cash receipts divided by milk marketings. 4/ May not add due to rounding.

Source: "Milk Production, Disposition and Income, 2004 Summary," Da 1-2(05), National Agricultural Statistics Service, USDA.

MARCH 2005 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 119.8 million pounds in March, 19.3 percent above March 2004 and 5.5 percent above February 2005. **AMERICAN TYPE CHEESE** production totaled 328.6 million pounds, 1.4 percent above March 2004 and 12.1 percent above February 2005. **TOTAL CHEESE** output (excluding cottage cheese) was 796.5 million pounds, 1.4 percent above March 2004 and 12.6 percent above February 2005. **NONFAT DRY MILK** production, for human food, totaled 108.9 million pounds, 7.7 percent below March 2004 but 15.5 percent above February 2005. **DRY WHEY** production, for human food, was 83.8 million pounds, 1.4 percent above March 2004 and 13.1 percent above February 2005. **ICE CREAM** (hard) production totaled 78.6 million gallons, 0.2 percent above March 2004 and 22.3 percent above February 2005.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAR 2005	PERCENT CHANGE FROM:			PRODUCT	MAR 2005	PERCENT CHANGE FROM:		
	1,000 LBS.	MAR 2004	FEB 2005	YEAR TO DATE 1/		1,000 LBS.	MAR 2004	FEB 2005	YEAR TO DATE 1/
BUTTER	119,781	19.3	5.5	7.0	SOUR CREAM	88,613	4.4	17.6	4.4
CHEESE					YOGURT (PLAIN AND FLAVORED)	264,733	6.8	11.4	---
AMERICAN TYPES 2/	328,632	1.4	12.1	0.5	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	265,774	2.1	11.9	1.0	SWEET-TYPE, HUMAN FOOD	6,567	-8.7	24.0	---
SWISS	23,999	-1.7	9.6	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	6,269	-7.7	19.8	---	DRY WHEY, HUMAN FOOD	83,763	1.4	13.1	---
CREAM & NEUFCHATEL	59,683	3.7	15.0	---	DRY WHEY, ANIMAL FEED	8,376	-18.0	44.5	---
HISPANIC	14,662	15.1	11.1	---	DRY WHEY, TOTAL	92,139	-0.7	15.3	-2.2
MOZZARELLA	269,833	1.9	12.8	0.8	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	70,976	2.5	13.6	4.3	HUMAN FOOD	3,590	-16.4	0.9	---
TOTAL ITALIAN TYPES	340,809	2.0	12.9	1.5	ANIMAL FEED	4,347	19.9	14.1	---
ALL OTHER TYPES	22,448	-13.2	11.2	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	55,827	-0.7	6.0	---
TOTAL	796,502	1.4	12.6	1.3	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	41,488	-4.4	20.1	---	HUMAN FOOD 7/	26,179	-0.8	12.9	---
COTTAGE CHEESE, CREAM 4/	32,451	-6.7	16.1	-8.1	ANIMAL FEED 7/	4,602	-0.6	16.5	---
COTTAGE CHEESE, LOWFAT 5/	33,371	-7.4	5.9	-6.0					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS			PERCENT CHANGE FROM:
WHOLE MILK	49,144	3.9	31.2	---	ICE CREAM (HARD)	78,551	0.2	22.3	-0.1
DRY WHOLE MILK	2,645	-25.4	-6.2	---	ICE CREAM, LOWFAT (HARD)	10,142	-0.3	22.8	---
NONFAT DRY MILK, HUMAN FOOD	108,928	-7.7	15.5	-18.2	ICE CREAM, LOWFAT (SOFT)	26,515	-4.2	33.8	---
DRY SKIM MILK, ANIMAL FEED	395	23.4	-2.5	---	ICE CREAM, LOWFAT (TOTAL)	36,657	-3.2	30.5	-0.9
DRY BUTTERMILK	5,722	30.7	6.1	---	SHERBET (HARD)	4,973	-6.1	20.8	4.7
					YOGURT (TOTAL)	6,105	-2.6	37.0	-11.8

MANUFACTURERS' STOCKS, END OF MONTH 8/

PRODUCT	MAR 2005	PERCENT OF:		PRODUCT	MAR 2005	PERCENT OF:	
	1,000 LBS.	MAR 2004	FEB 2005		1,000 LBS.	MAR 2004	FEB 2005
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	36,342	3.4	2.2	HUMAN FOOD	23,574	-4.1	5.4
DRY WHEY, ANIMAL FEED	4,628	-20.1	21.3	ANIMAL FEED	1,998	-42.4	7.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	4,260	-40.1	-11.8	CANNED EVAPORATED & CONDENSED WHOLE MILK	43,118	-13.4	6.8
LACTOSE, HUMAN FOOD & ANIMAL FEED	64,311	13.6	-2.3	NONFAT DRY MILK FOR HUMAN FOOD	85,058	5.9	7.8
DRY BUTTERMILK, TOTAL	5,392	4.3	-21.5				

1/ 2005 cumulative as percent change of 2004 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. Does not include sweet-type, animal whey. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (5-05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

MARCH FLUID MILK SALES

During March, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.4 percent lower than March 2004. After adjusting for calendar composition, sales in March 2005 were 1.7 percent lower than March 2004. On an individual product basis, after adjusting for calendar composition, sales of low fat (1%) milk and fat-free (skim) milk increased from March 2004, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier. It is likely that the timing of the Easter holiday this year has had a negative impact on the change in sales from March 2005 compared to March 2004.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areasales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
MARCH 2005, WITH COMPARISONS 1/

Product Name	Sales		Change from: <u>2/</u>	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,474	4,293	-4.7	-5.8
Flavored Whole Milk	67	187	-15.4	-21.5
Reduced Fat Milk (2%)	1,501	4,381	-1.0	-1.6
Low Fat Milk (1%)	549	1,605	0.9	0.9
Fat-Free Milk (Skim)	686	2,000	1.3	1.3
Flavored Fat-Reduced Milk	342	1,026	-6.5	3.9
Buttermilk	47	130	-3.2	-4.6
Total Fluid Milk Products <u>3/</u>	4,680	13,663	-2.4	-2.3
Total Fluid Milk Products Adjusted <u>3/ 4/</u>	4,668	13,713	-1.7	-0.8

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, MARCH 2005, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: <u>2/</u>	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	816	2,377	-3.3	-2.4
Appalachian (005)	297	865	-3.5	-3.0
Southeast (007)	413	1,216	1.5	0.7
Florida (006)	265	770	1.2	1.1
Mideast (033)	532	1,568	-4.0	-3.1
Upper Midwest (030)	380	1,107	0.4	0.4
Central (032)	395	1,159	-2.5	-2.5
Southwest (126)	361	1,058	-0.7	-1.4
Arizona-Las Vegas (131) <u>3/</u>	108	316	0.2	-0.2
Pacific Northwest (124)	185	533	-0.9	-1.4
California (---)	553	1,599	-1.0	-0.9

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

3/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, FEBRUARY 2005

In February 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.24 per cwt., \$.65 less than the figure for the previous month. The component tests of producer milk in February 2005 were: butterfat, 3.70%; protein, 3.06%; and other solids, 5.70%. On an individual reporting area basis, mailbox prices decreased in all reporting areas, and ranged from \$16.87 in Florida to \$13.65 in New Mexico. In February 2004, the Federal milk order all-area average mailbox price was \$13.61, \$1.63 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	February 2004	January 2005	February 2005
	Dollars per hundredweight		
Northeast Federal Milk Order	13.98	16.37	15.50
Appalachian States <u>3/</u>	14.05	16.57	15.18
Southeast States <u>4/</u>	14.61	17.21	15.61
Southern Missouri <u>5/</u>	13.37	16.01	14.75
Florida	16.00	18.70	16.87
Ohio	13.57	15.99	15.41
Indiana	13.54	16.11	15.27
Michigan	13.34	15.58	15.13
Wisconsin	13.80	16.00	15.91
Minnesota	13.72	15.78	15.61
Iowa	13.51	15.92	15.39
Illinois	13.53	15.88	15.42
Corn Belt States <u>6/</u>	12.77	14.98	14.37
Western Texas <u>7/</u>	13.17	15.00	14.42
New Mexico	12.09	14.09	13.65
Northwest States <u>8/</u>	12.76	14.76	13.97
All Federal Order Areas <u>9/</u>	13.61	15.89	15.24
California <u>10/</u>	12.69	14.85	NA

NA=Not Available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. Figure for the previous year has been revised to exclude prices for Idaho and Utah which no longer are being reported. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 9 - 13, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 05/06/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	271,595,097	-0-	617,981,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	271,476,049	-0-	664,372,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 9 - 13, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	2.0	107.0
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	58.8	3,160.0
CUMULATIVE JANUARY 1 - MAY 13, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	33.3	1,810.7

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 9 - 13, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,646,276	4.2	2.9
WEST	-0-	-42,309	-0-	-0-	29,415,099	259,545,999	92.4	95.5
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.6
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	271,476,049	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 04/23/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.6	N.A.	1.8	12.8	2.5	0.9	N.A.	11.1	2.4	38.8	776.6	46.1	49.2
2004-Dairy	N.A.	0.7	N.A.	2.0	16.0	2.1	0.6	N.A.	10.2	2.7	41.8	807.3	43.5	48.5
2005-All cows	N.A.	0.6	N.A.	10.3	23.7	12.2	10.3	N.A.	12.6	4.7	84.2	1,578.6		
2004-All cows	N.A.	0.7	N.A.	10.1	26.8	13.7	16.1	N.A.	11.9	5.3	96.0	1,663.4		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80							
II	13.04	13.36	13.25	13.24								
III	14.14	14.70	14.08	14.61								
IV	12.52	12.74	12.66	12.61								

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmcs/mib/cls_prod_cmp_pr.htm